

Message Text

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PAGE 01 KINSHA 07096 281157Z

ACTION AF-10

INFO OCT-01 ISO-00 EB-08 OES-07 INR-07 INRE-00 SS-15

SSO-00 /048 W

-----113152 281203Z /50

O 281029Z JUL 77

FM AMEMBASSY KINSHASA

TO SECSTATE WASHDC IMMEDIATE 4862

LIMITED OFFICIAL USE KINSHASA 7096

STADIS////////////////////////////////

PLEASE DELIVER OPENING OF BUSINESS TO AF DEP ASST SECRETARY
SEELYE

E.O. 11652: N/A

TAGS: ENRG, CG

SUBJECT: POSSIBLE CLOSE-DOWN OF INGA SHABA PROJECT

REF: A) KINSHASA 6580; B) KINSHASA 6661; C) KINSHASA 6789;

D) KINSHASA 7029; E) KINSHASA 7081

1. I WISH TO BRING TO YOUR ATTENTION THE LATEST DEVELOPMENTS CONCERNING THE IMPORTANT INGA-SHABA TRANSMISSION LINE. TO BRIEFLY SUMMARIZE REFTELS, MORRISON-KNUDSEN HAS INFORMED US AND APPROPRIATE GOZ OFFICIALS THAT IF EXIM DOES NOT UNFREEZE FUNDS FROM THE PREVIOUS EXIM LOAN TO SNEL BY THE END OF THIS MONTH, THE COMPANY WILL BE FORCED TO REDUCE THEIR ZAIRIAN AND EXPATRIATE EMPLOYEES BY APPROXIMATELY 80 PER CENT, WHICH WOULD MEAN THAT ALL CONSTRUCTION WORK ON INGA-SHABA TRANSMISSIONLINE WOULD CEASE AND ONLY MAINTENANCE ACTIVITIES CONTINUE.

2. EXIM HAS INDICATED THEY WILL NOT PERMIT DISBURSEMENT UNTIL GOZ BECOMES CURRENT IN ARREARS DUE EXIM IN THE AMOUNT OF
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DOLS 4.9 MILLION.

3. I HAVE MADE STRONG PLEA TO CENTRAL BANK GOVERNOR SAMBWA TO PAY OUTSTANDING ARREARS. HE HAS MADE PARTIAL PAYMENT OF APPROXIMATELY DOLS 2.5 MILLION AND PROMISED TO PAY REMAINDER IN NEAR FUTURE. THIS DESPITE FACT THAT GOZ, HAVING TO SET ASIDE FOREIGN EXCHANGE REQUIRED BY LONDON AGREEMENT, IS NOW

GOING THROUGH ONE OF ITS TIGHTEST SQUEEZES ON FOREIGN EXCHANGE.

4. WE REGARD COMPLETION OF INGA-SHABA TRANSMISSION LINE TO BE OF CRUCIAL IMPORTANCE TO IMPROVEMENT OF ZAIRIAN ECONOMY (THE GECAMINES EXPANSION PROJECT IS DEPENDENT UPON POWER FROM THE LINE). ITS DEMISE COULD HAVE SERIOUS IMPACT ON OUR BROADER INTERESTS IN ZAIRE. WE HAVE THEREFORE URGED EXIM TO UNBLOCK FUNDS FOR AT LEAST SEVERAL MONTHS IN ORDER TO GIVE A LITTLE RELIEF TO GOZ DURING AN ESPECIALLY DIFFICULT PERIOD. WHILE AS YOU KNOW I FAVOR OUR BEING MORE DEMANDING WITH RESPECT TO GOZ PERFORMANCE, I BELIEVE OUR OVER-ALL INTERESTS WOULD BE WELL SERVED BY SHOWING SOME FLEXIBILITY ON THIS PARTICULAR ISSUE AT THIS PARTICULAR TIME.

5. WE UNDERSTAND THAT EXIM BOARD WILL MEET TODAY, JULY 28, TO CONSIDER STATUS OF ITS LOAN TO SNEL. NOW THAT SIGNIFICANT PARTIAL PAYMENT HAS BEEN MADE AND PROMISE OF REMAINDER IN NEAR FUTURE, WE WOULD URGE EXIM TO RESUME DISBURSEMENTS SO AS TO AVOID ADDITIONAL DELAY AND COSTS ON THIS IMPORTANT PROJECT. IF YOU CONCUR, A CALL FROM YOU TO THE APPROPRIATE LEVEL AT EXIM BEFORE THEIR MEETING TODAY MIGHT BE HELPFUL.
CUTLER

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Message Attributes

Automatic Decaptioning: Z
Capture Date: 01-Jan-1994 12:00:00 am
Channel Indicators: n/a
Current Classification: UNCLASSIFIED
Concepts: DEVELOPMENT LOANS, DEBT REPAYMENTS, PROGRAMS (PROJECTS)
Control Number: n/a
Copy: SINGLE
Sent Date: 28-Jul-1977 12:00:00 am
Decaption Date: 22 May 2009
Decaption Note: 25 YEAR REVIEW
Disposition Action: RELEASED
Disposition Approved on Date:
Disposition Case Number: n/a
Disposition Comment: 25 YEAR REVIEW
Disposition Date: 22 May 2009
Disposition Event:
Disposition History: n/a
Disposition Reason:
Disposition Remarks:
Document Number: 1977KINSHA07096
Document Source: CORE
Document Unique ID: 00
Drafter: n/a
Enclosure: n/a
Executive Order: N/A
Errors: N/A
Expiration:
Film Number: D770270-0661
Format: TEL
From: KINSHASA
Handling Restrictions:
Image Path:
ISecure: 1
Legacy Key: link1977/newtext/t19770710/aaaaaibu.tel
Line Count: 84
Litigation Code IDs:
Litigation Codes:
Litigation History:
Locator: TEXT ON-LINE, ON MICROFILM
Message ID: ecef8662-c288-dd11-92da-001cc4696bcc
Office: ACTION AF
Original Classification: LIMITED OFFICIAL USE
Original Handling Restrictions: STADIS
Original Previous Classification: n/a
Original Previous Handling Restrictions: n/a
Page Count: 2
Previous Channel Indicators: n/a
Previous Classification: LIMITED OFFICIAL USE
Previous Handling Restrictions: STADIS
Reference: 77 KINSHASA 6580, 77 KINSHASA 6661, 77 KINSHASA 6789
Retention: 0
Review Action: RELEASED, APPROVED
Review Content Flags:
Review Date: 31-Mar-2005 12:00:00 am
Review Event:
Review Exemptions: n/a
Review Media Identifier:
Review Release Date: n/a
Review Release Event: n/a
Review Transfer Date:
Review Withdrawn Fields: n/a
SAS ID: 1720275
Secure: OPEN
Status: NATIVE
Subject: POSSIBLE CLOSE-DOWN OF INGA SHABA PROJECT
TAGS: ENRG, CG, XMB
To: STATE
Type: TE
vdkgvwkey: odb://SAS/SAS.dbo.SAS_Docs/ecef8662-c288-dd11-92da-001cc4696bcc
Review Markings:
Margaret P. Grafeld
Declassified/Released
US Department of State
EO Systematic Review
22 May 2009
Markings: Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 22 May 2009